

# The Western Subregion



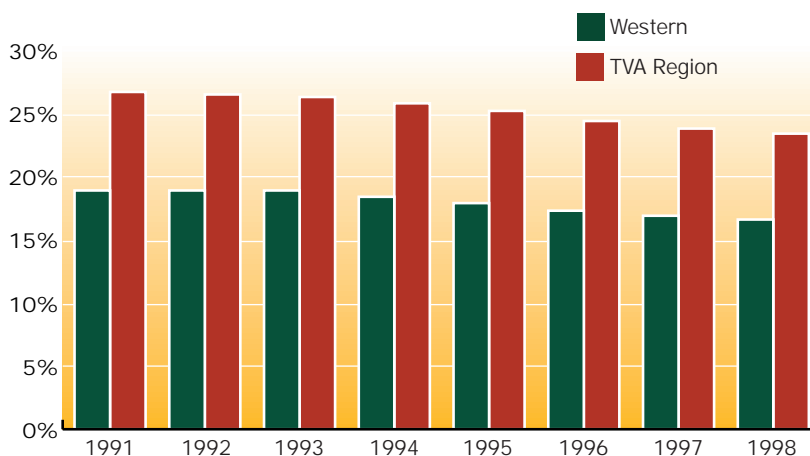
lthough the Western subregion (which includes western Kentucky) has generally demonstrated the same pattern of

growth as the entire Valley in the 1990s, it has differed from the rest of the region in that its growth neither accelerated as rapidly in the early '90s nor decelerated as rapidly during the subsequent slowdown. This is due to its much lower reliance on manufacturing. As is seen in the chart at right, the subregion's manufacturing sector also resembles the Valley's in performance but constitutes a far smaller proportion of the overall economy.

The subregion incorporates two distinct areas. The much larger Memphis area is a commercial center, whereas the rest of the subregion is more like the Valley as a whole in its orientation toward manufacturing. Next year, as manufacturing improves, the non-Memphis part of the subregion is expected to achieve growth comparable to the entire region's. Memphis should continue to expand, following current trends. Overall, the subregion is expected to grow at about the regional average in 1998.

Memphis continues to solidify its position as a major distribution center. Besides the presence of Federal Express (No. 2 on the Edge 100 list) and rival UPS, Memphis has one of the nation's largest inland water ports and is developing other warehousing and distribution businesses. During the 1995 slowdown, it was primarily the service industries (most of which are located in Memphis) that sustained subregional growth. As distribution and business services felt the effect of lowered national and regional demand, however, they experienced significant slowdowns. Business services in particular

MANUFACTURING AS A PERCENTAGE OF TOTAL NONFARM EMPLOYMENT

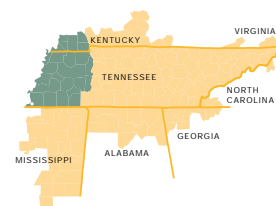


*The subregion has a smaller manufacturing sector than the rest of the Valley.*

saw their double-digit rates of job growth halved in 1995 and then further reduced in 1996. These rates are expected to improve this year and next.

In contrast, the remainder of the subregion, and especially Jackson, Tennessee, gained manufacturing jobs during the early 1990s, aided by strong expansions in machinery and metals. Indeed, the subregion's durable-goods sector increased its share of manufacturing jobs from 45 percent in 1989 to the current 50 percent.

By 1994 nondurables manufacturing was already losing jobs, both in quickly declining apparel and in the paper, printing, and publishing industry. The condition of both industries is expected to improve, however, and nondurables employment should stabilize in the subregion next year, following the regional trend. On the other hand, durable goods did not decline, primarily because of continued slower-but-positive growth in machinery and metals. In 1998 durables manufacturing should continue to grow.



Mid-South Metal Products is a company in Collierville, Tennessee, that does fabricating, powder-coating, and packaging of various steel products. To increase its manufacturing and distribution capacities, the company has completed an expansion that will add up to 45 new jobs. TVA Economic Development will provide financial assistance in the form of a \$125,000 loan.